

# Financial Structure Overview

The FY12 budget accounts for the City's financial activities through four primary funds or fiscal entities. They are the General Fund, the Stormwater Management Fund, the Special Revenue Funds (comprised of several sub-funds), and the Speed Camera Fund. These funds are described in more detail below.

## **General Fund**

The General Fund is the general operating fund of the City. Fund expenditures include basic City services, such as police protection, street maintenance, and recreation. Administrative services, such as human resources and financial management, are also accounted for in the General Fund.

The General Fund is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). This requires that the modified accrual method of accounting be used to record revenues and expenditures. Revenues are recognized when subject to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities for the same period. Revenues subject to accrual are property taxes and investment income. User charges, fines and forfeitures, permits, and miscellaneous revenues are not subject to accrual because generally they are not measurable until received in cash.

A key element of the budget is the projected ending fund balance. The fund balance represents the unappropriated accumulation of the difference between actual revenues and expenditures. The source and timing of revenues dictate the level of fund balance necessary to avoid cash shortages in normal day-to-day operations. The City recognizes the need to establish and to maintain adequate reserves to avoid any disruption in services caused by a decline in a significant revenue source and to address timing differences in the receipt of monies.

## **Stormwater Management Fund**

The City is responsible for providing stormwater management services. These services, which are directed by the Public Works Department, include the construction, maintenance and repair of storm drains, inlets, channels, and ditches. Additionally, the City ensures compliance with state and federal requirements for erosion and pollution control associated with stormwater run-off. The Stormwater Management Fund accounts for revenue and expenditure activity related to stormwater management.

## **Special Revenue Funds**

The City receives a variety of grants that provide funding for law enforcement, community revitalization, parks development, and infrastructure improvements. The City utilizes Special Revenue Funds to account for revenue and expenditure activity attributable to the specific projects funded by these grants. Some grants require a funding match, which is reflected as an operating transfer from the General Fund to the Special Revenue Funds.

## **Speed Camera Fund**

The Speed Camera Fund was established in FY09 to account for financial transactions related to the City's speed camera program. The goal of the program is to reduce speeding in an effort to prevent accidents and reduce injuries and fatalities. By State law, program revenues are restricted and cannot be used to fund general City operations. They may be used for purposes that improve public safety.

# Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Funds For the Fiscal Year Beginning July 1, 2011

	<u>General Fund</u>	<u>Stormwater Management Fund</u>	<u>Special Revenue Funds</u>	<u>Speed Camera Fund</u>	<u>Total</u>
FY 2012 Revenues	19,417,988	484,000	1,414,509	1,598,755	22,915,252
FY 2012 Expenditures	20,736,157	498,511	1,025,041	2,280,778	24,540,487
Excess (deficiency) of revenues over expenditures	(1,318,169)	(14,511)	389,468	(682,023)	(1,625,235)
Other Financing Sources (Uses)					
Bond proceeds	-	-	-	-	-
Operating transfers in (out)	(47,500)	-	47,500	-	-
Total Other Financing Sources (Uses)	(47,500)	-	47,500	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,365,669)	(14,511)	436,968	(682,023)	(1,625,235)
Fund Balance					
Beginning of year	8,065,785	287,833	785,330	1,062,315	10,201,263
End of year	6,700,116	273,322	1,222,298	380,292	8,576,028

# General Fund Summary

	<b><u>Audited FY08</u></b>	<b><u>Audited FY09</u></b>	<b><u>Audited FY10</u></b>	<b><u>Adopted FY11</u></b>	<b><u>Estimated FY11</u></b>	<b><u>Proposed FY12</u></b>
<b><u>REVENUES</u></b>						
Taxes and utility fees	12,573,318	13,318,311	13,287,014	13,548,772	13,542,297	13,949,128
Licenses and permits	45,470	72,291	75,030	71,604	41,500	53,300
Fines and forfeitures	213,197	219,502	209,408	207,000	262,000	228,800
Use of money and property	353,747	172,812	73,680	76,000	58,000	60,000
Charges for service	831,249	779,550	986,138	835,700	915,000	906,800
Intergovernmental	4,762,643	4,696,110	4,583,828	4,065,941	4,233,656	4,137,610
Miscellaneous	157,676	97,845	139,498	143,325	143,725	82,350
<b>Total Revenues</b>	<b>18,937,300</b>	<b>19,356,421</b>	<b>19,354,596</b>	<b>18,948,342</b>	<b>19,196,178</b>	<b>19,417,988</b>
<b><u>EXPENDITURES</u></b>						
General Government	2,235,526	2,234,650	2,493,621	2,450,098	2,369,334	2,490,336
Police	5,349,349	5,591,925	5,982,158	5,752,730	5,815,597	5,939,150
Public Works	3,611,130	3,643,110	3,788,121	3,889,393	3,775,655	3,900,442
Recreation	1,074,624	1,085,952	1,175,477	1,346,678	1,294,075	1,344,716
Housing and Community Development	1,277,216	1,188,927	1,267,039	1,265,788	1,234,007	1,278,650
Communications	368,580	373,522	379,610	345,123	306,856	323,425
Library	881,541	917,942	985,522	992,559	980,396	1,025,774
Non-Departmental	759,351	712,871	2,421,020	941,817	924,981	905,790
Capital Outlay	931,837	1,394,193	965,830	4,207,663	4,083,792	1,383,291
Debt Service	1,170,718	984,261	878,404	1,180,913	1,180,764	2,144,583
<b>Total Expenditures</b>	<b>17,659,872</b>	<b>18,127,353</b>	<b>20,336,802</b>	<b>22,372,762</b>	<b>21,965,457</b>	<b>20,736,157</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,277,428</b>	<b>1,229,068</b>	<b>(982,206)</b>	<b>(3,424,420)</b>	<b>(2,769,279)</b>	<b>(1,318,169)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Bond proceeds	-	-	1,400,000	1,500,000	1,500,000	-
Capital lease	220,029	-	-	-	-	-
Sale of property	109,276	-	-	-	-	-
Operating transfers in (out)	(61,668)	(257,602)	(3,625)	(500)	(300)	(47,500)
<b>Total Other Financing Sources (Uses)</b>	<b>267,637</b>	<b>(257,602)</b>	<b>1,396,375</b>	<b>1,499,500</b>	<b>1,499,700</b>	<b>(47,500)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>1,545,065</b>	<b>971,466</b>	<b>414,169</b>	<b>(1,924,920)</b>	<b>(1,269,579)</b>	<b>(1,365,669)</b>
<b><u>FUND BALANCE</u></b>						
Beginning of year	6,404,664	7,949,729	8,921,195	9,335,364	9,335,364	8,065,785
<b>End of year</b>	<b>7,949,729</b>	<b>8,921,195</b>	<b>9,335,364</b>	<b>7,410,444</b>	<b>8,065,785</b>	<b>6,700,116</b>

Notes:

Over the years reflected above, the audit classification of certain revenues changed. Consequently, there may be variances in the classifications between the budget presentation and the audit report.

# General Fund

## Fund Balance Projection Detail

	<u>As Of</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>As Of</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>As Of</u> <u>June 30, 2012</u>
Emergency Reserve	389,915	-	-	389,915	-	-	389,915
Equipment Replacement Reserve	1,767,108	1,000,000	739,958	2,027,150	750,000	619,158	2,157,992
WSSC Contribution for Future Street Work	224,372	-	-	224,372	-	-	224,372
Bond Proceeds--Public Works Facility	-	1,500,000	1,500,000	-	-	-	-
Facility Maintenance Reserve	-	-	-	-	250,000	-	250,000
 Total Reserved Fund Balance	 2,381,395	 2,500,000	 2,239,958	 2,641,437	 1,000,000	 619,158	 3,022,279
 Total Unreserved Fund Balance	 6,953,969	 -	 1,529,621	 5,424,348	 -	 1,746,511	 3,677,837
 <b>Total Fund Balance</b>	 <b>9,335,364</b>			 <b>8,065,785</b>			 <b>6,700,116</b>

# General Fund Revenues

<b>REVENUES BY SOURCE</b>	<b>Audited FY08</b>	<b>Audited FY09</b>	<b>Audited FY10</b>	<b>Adopted FY11</b>	<b>Estimated FY11</b>	<b>Proposed FY12</b>
<b>Taxes and Utility Fees</b>						
Real Property	9,032,239	10,007,250	10,556,622	10,903,651	10,903,651	11,298,829
Personal Property	395,786	279,133	311,657	324,800	324,800	313,200
RR and Public Utilities	154,629	154,882	158,355	147,940	148,346	159,500
Penalties and Interest	47,447	58,807	61,172	30,000	30,000	30,000
Admission and Amusement	102	268	614	600	500	600
Additions and Abatements	(2,221)	(1,139)	-	-	-	-
Highway	585,784	508,902	60,210	21,010	35,000	21,999
Income Tax	2,359,552	2,310,208	2,138,384	2,120,771	2,100,000	2,125,000
<b>Total--Taxes and Utility Fees</b>	<b>12,573,318</b>	<b>13,318,311</b>	<b>13,287,014</b>	<b>13,548,772</b>	<b>13,542,297</b>	<b>13,949,128</b>
<b>Licenses and Permits</b>	<b>45,470</b>	<b>72,291</b>	<b>75,030</b>	<b>71,604</b>	<b>41,500</b>	<b>53,300</b>
<b>Fines and Forfeitures</b>	<b>213,197</b>	<b>219,502</b>	<b>209,408</b>	<b>207,000</b>	<b>262,000</b>	<b>228,800</b>
<b>Use of Money and Property</b>	<b>353,747</b>	<b>172,812</b>	<b>73,680</b>	<b>76,000</b>	<b>58,000</b>	<b>60,000</b>
<b>Charges for Services</b>						
Inspection Fees	317,141	301,482	291,793	280,000	290,700	295,000
Public Parking Facilities	21,171	35,011	43,904	50,000	46,000	46,000
Waste Collection & Disposal Charges	70,581	60,198	63,974	76,200	70,500	70,500
Recreation Programs and Services	254,547	260,539	278,845	337,200	399,800	372,400
Library Fines and Fees	20,106	25,551	29,579	22,000	30,000	49,000
Passport Services	28,339	22,307	21,725	20,000	19,300	18,500
WSSC	42,828	-	179,991	-	-	-
Copying	5,033	1,707	5,945	4,000	4,000	4,000
Telephone Commissions	-	-	64	200	100	100
Special Trash Pickup	8,417	8,091	8,880	10,000	8,400	10,000
Parking Lot Lease--County	8,000	12,000	12,000	-	8,000	-
Recyclable Sales	8,763	12,955	6,047	1,000	3,000	3,000
Mulch Sales	24,750	23,361	25,581	20,000	22,000	25,000
Advertising--Bus Shelters	16,621	12,860	12,714	10,000	8,000	8,000
Farmer's Market	4,952	3,488	5,096	5,100	5,200	5,300
<b>Total--Charges for Services</b>	<b>831,249</b>	<b>779,550</b>	<b>986,138</b>	<b>835,700</b>	<b>915,000</b>	<b>906,800</b>
<b>Intergovernmental Revenues</b>						
Police Protection (State)	408,564	396,763	261,254	256,959	261,254	261,254
Bank Share Tax	5,643	5,643	5,643	5,643	5,643	5,643
Library Aid	114,430	112,352	120,155	100,950	100,950	95,900
Police Rebate	717,308	716,590	799,976	717,580	881,000	922,170
In Lieu of Police	2,322,023	2,322,023	2,322,023	1,973,720	1,973,720	1,875,034
In Lieu of Roads Maintenance	442,624	442,624	442,624	376,230	376,230	357,419
In Lieu of Parks Maintenance	72,229	72,229	72,229	61,395	61,395	58,325
In Lieu of Crossing Guard	163,193	163,193	163,193	138,714	138,714	131,778
Takoma/Langley Rec. Agreement	125,000	125,000	125,000	93,750	93,750	79,670
Hotel Motel Tax	91,757	81,325	73,685	75,000	79,000	80,000
Cable Franchise Fees	235,272	191,036	146,320	196,000	192,000	194,544
Cable--Operating	64,600	67,332	51,726	70,000	70,000	75,873
<b>Total--Intergovernmental Revenues</b>	<b>4,762,643</b>	<b>4,696,110</b>	<b>4,583,828</b>	<b>4,065,941</b>	<b>4,233,656</b>	<b>4,137,610</b>

## General Fund Revenues

(continued)

<b><u>REVENUES BY SOURCE</u></b>	<b><u>Audited FY08</u></b>	<b><u>Audited FY09</u></b>	<b><u>Audited FY10</u></b>	<b><u>Adopted FY11</u></b>	<b><u>Estimated FY11</u></b>	<b><u>Proposed FY12</u></b>
<b>Miscellaneous</b>						
Tree Fund	20,000	10,000	10,000	10,000	10,000	27,000
Sales of Impounded Property	442	3,096	2,154	2,000	2,000	2,000
Federal Emergency Management	-	-	42,518	92,125	92,125	-
Other	39,544	59,954	59,739	30,000	30,500	44,750
Insurance Claims	6,216	394	18,743	1,000	500	1,000
Day Laborer Site	70,000	15,000	-	-	-	-
Administrative Fees--Parking	3,885	3,825	3,045	3,000	3,000	3,000
Federal Grant	6,764	1,876	1,135	1,200	-	-
Sale of City Property	-	3,300	1,564	3,000	5,000	4,000
Donations	10,825	400	600	1,000	600	600
<b>Total--Miscellaneous</b>	<b>157,676</b>	<b>97,845</b>	<b>139,498</b>	<b>143,325</b>	<b>143,725</b>	<b>82,350</b>
<b>Total General Fund Revenues</b>	<b>18,937,300</b>	<b>19,356,421</b>	<b>19,354,596</b>	<b>18,948,342</b>	<b>19,196,178</b>	<b>19,417,988</b>

*Note: Over the years reflected above, the audit classification of certain revenues changed. Consequently, there may be variances in classifications between the budget presentation and the audit report.*

# Stormwater Management Fund Summary

	<u>Audited FY08</u>	<u>Audited FY09</u>	<u>Audited FY10</u>	<u>Adopted FY11</u>	<u>Estimated FY11</u>	<u>Proposed FY12</u>
<b><u>REVENUES</u></b>						
Taxes and utility fees	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Charges for service	374,101	361,155	362,815	361,000	361,000	361,000
Intergovernmental	-	-	180,225	-	-	111,000
Miscellaneous	21,053	17,696	24,380	17,000	11,000	12,000
Total Revenues	395,154	378,851	567,420	378,000	372,000	484,000
<b><u>EXPENDITURES</u></b>						
Public Works	251,424	171,764	202,051	254,884	255,978	287,511
Capital outlay	73,360	124,534	291,557	280,330	288,000	211,000
Total Expenditures	324,784	296,298	493,608	535,214	543,978	498,511
Excess (deficiency) of revenues over expenditures	70,370	82,553	73,812	(157,214)	(171,978)	(14,511)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Loan proceeds	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	70,370	82,553	73,812	(157,214)	(171,978)	(14,511)
<b><u>FUND BALANCE</u></b>						
Beginning of year	233,076	303,446	385,999	459,811	459,811	287,833
End of year	303,446	385,999	459,811	302,597	287,833	273,322

*Note: Over the years reflected above, the audit classification of certain revenues changed. For comparative purposes, the audited and budgeted figures shown above have been classified in the same manner as reflected in the FY09 audit.*

# Special Revenue Funds Summary

	<b><u>Audited FY08</u></b>	<b><u>Audited FY09</u></b>	<b><u>Audited FY10</u></b>	<b><u>Adopted FY11</u></b>	<b><u>Estimated FY11</u></b>	<b><u>Proposed FY12</u></b>
<b><u>REVENUES</u></b>						
Taxes and utility fees	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Intergovernmental	507,515	958,798	1,177,115	908,739	790,575	1,414,509
Miscellaneous	-	-	-	-	-	-
Total Revenues	507,515	958,798	1,177,115	908,739	790,575	1,414,509
<b><u>EXPENDITURES</u></b>						
General Government	17,614	75,934	422,658	350,500	170,300	245,500
Police	181,741	138,409	134,240	151,715	103,156	70,231
Public Works	88,031	232,197	146,104	264,050	88,500	-
Housing and Community Development	27,914	203,220	484,875	76,555	84,919	317,810
Recreation	29,624	12,367	4,500	7,419	5,000	6,000
Capital outlay	119,134	124,902	527,772	-	-	385,500
Total Expenditures	464,058	787,029	1,720,149	850,239	451,875	1,025,041
Excess (deficiency) of revenues over expenditures	43,457	171,769	(543,034)	58,500	338,700	389,468
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Loan proceeds	-	-	150,000	-	-	-
Operating transfers in (out)	36,843	48,217	171,821	500	300	47,500
Total Other Financing Sources (Uses)	36,843	48,217	321,821	500	300	47,500
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	80,300	219,986	(221,213)	59,000	339,000	436,968
<b><u>FUND BALANCE</u></b>						
Beginning of year	367,257	447,557	667,543	446,330	446,330	785,330
End of year	447,557	667,543	446,330	505,330	785,330	1,222,298



# Speed Camera Fund Summary

	<u>Audited FY08</u>	<u>Audited FY09</u>	<u>Audited FY10</u>	<u>Adopted FY11</u>	<u>Estimated FY11</u>	<u>Proposed FY12</u>
<b><u>REVENUES</u></b>						
Taxes and utility fees	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	620,302	2,167,224	1,595,000	1,595,255	1,595,255
Use of money and property	-	18	2,537	3,500	3,302	3,500
Charges for service	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	620,320	2,169,761	1,598,500	1,598,557	1,598,755
<b><u>EXPENDITURES</u></b>						
Police	-	251,641	999,099	1,022,166	998,455	1,145,778
Capital Outlay	-	-	317,128	1,000,000	760,000	1,135,000
Total Expenditures	-	251,641	1,316,227	2,022,166	1,758,455	2,280,778
Excess (deficiency) of revenues over expenditures	-	368,679	853,534	(423,666)	(159,898)	(682,023)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Bond proceeds	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	368,679	853,534	(423,666)	(159,898)	(682,023)
<b><u>FUND BALANCE</u></b>						
Beginning of year	-	-	368,679	1,222,213	1,222,213	1,062,315
End of year	-	368,679	1,222,213	798,547	1,062,315	380,292

# Community Center Fund Summary

	<u>Audited FY08</u>	<u>Audited FY09</u>	<u>Audited FY10</u>	<u>Budgeted FY11</u>	<u>Estimated FY11</u>	<u>Proposed FY12</u>
<b><u>REVENUES</u></b>						
Taxes and utility fees	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Intergovernmental	520	-	1,230,500			-
Miscellaneous	-	-	150,000	20,000	14,193	-
Total Revenues	520	-	1,380,500	20,000	14,193	-
<b><u>EXPENDITURES</u></b>						
General Government	-	45,164	3,276			-
Capital Outlay	71,506	164,221	1,203,221	20,000	20,000	-
Total Expenditures	71,506	209,385	1,206,497	20,000	20,000	-
Excess (deficiency) of revenues over expenditures	(70,986)	(209,385)	174,003	-	(5,807)	-
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Bond proceeds	-	-	-			-
Operating transfers in (out)	24,825	209,385	(168,196)	-	-	-
Total Other Financing Sources (Uses)	24,825	209,385	(168,196)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(46,161)	-	5,807	-	(5,807)	-
<b><u>FUND BALANCE</u></b>						
Beginning of year	46,161	-	-	5,807	5,807	-
End of year	-	-	5,807	5,807	-	-